



CORPORATE SOCIAL RESPONSIBILITY INITIATIVES AND DISCLOSURE PRACTICES BY TOP 6 PUBLIC SECTOR AND PRIVATE SECTOR BANKS IN INDIA

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ABSTRACT

The Indian government had recommended that all Indian businesses devote 2% of their income to charitable causes. It generates US\$ 2 billion (or \$87 billion) annually. Government mandates are not necessary. The present study selected with top 6 banks of that, 3 public sector and 3 private sector banks were selected for analyses of CSR activities in India. Data were collected from the secondary sources through annual reports and websites of the respective banks. The present study focuses on disclosure of CSR activities annual reports and websites of the respective banks. CSR activities are mostly carried out in the fields of education, community welfare, and rural development in the case of public sector banks. On the other hand, banks in the private sector focus more on activities relating to community welfare, education and rural development.

KEYWORDS: CSR, Banks, Skills, Empowerment.

INTRODUCTION:

The history of CSR is relatively as old as that of companies (Bedi, 2009) but was not articulated formally until presently. The concept of Corporate Social Responsibility in its present form actualized in 1950's when Howard R. Bowen wrote a landmark book "The Social Responsibilities of a Businessman" (Carroll, 1991). The traditional concept of social responsibility of business defined that an enterprise produces goods and renders services for profit maximisation, and then it is considered to be socially accountable (Kapoor & Sandhu, 2010). There has been a shift from this classical view of CSR towards modern social responsibility of business enterprises. The modern concept of corporate social responsibility states that the business entities in their usual process of business decision making should pay due attention to the social interests of the people in the community (Sarkar, 2005) because it is not just an economic entity; it is a social entity too.

Friedman (1970) was the stern critic of this emerging concept of CSR and strongly professed that 'the sole social responsibility of business is to increase its profits only'.

Bowen (1953) defined CSR as an obligation for business enterprises to account certain factors during the course of their business activities. European commission defined CSR as "the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly, and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large". The main philosophy behind this concept is to give back to the society. Carroll (1991) stated that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." CSR is all about what a business entity does to positively influence the society in which it exists (Sandhu & Kapoor, 2005).

The Indian government had recommended that all Indian businesses devote 2% of their income to charitable causes. It generates US\$ 2 billion (or \$87 billion) annually. Government mandates are not necessary. Even back then, Indian corporations raised awareness about the need to invest more in social interactions with their stakeholders and customers. The Indian financial industry is not lagging behind. In August 2011, State Bank of India (with the Indian government as the primary investor) stated that it will invest US\$ 2 million (or roughly 45,977 million) in this scheme, which included providing fans to schools near all 13,000 of its bank branches. This announcement by India's largest bank signals the increasing speed at which Indian banks may attempt to catch up with their peers through Corporate Social Responsibility (CSR) initiatives to develop relationships with their stakeholders.

The Reserve Bank of India (RBI), which oversees all Indian banks, has urged them to pay special attention to incorporating social and environmental considerations into their daily operations. The Ministry of Corporate Affairs, Government of India, issued the 2009 Corporate Social Responsibility Voluntary Guidelines, which state that "Companies should disseminate information on CSR policies, activities and progress to all of their stakeholders and the general public in a structured manner through their website, annual reports, and other media." As a result, many firms actively participate in CSR efforts to project their corporate brand in the eyes of consumers and other stakeholders.

Given that the organizations are required to give their stakeholders accurate and responsible information about their activities, the aforementioned justifications make a compelling argument for analyzing the financial reports and websites. As a result, data from websites, annual reports, and sustainability / CSR reports are examined for each.

- Analysis of CSR disclosure practices by Indian private and public sector banks;
- Study client awareness about the banks' CSR practices; and
- Survey the degree of consumer perceptions for CSR activities to be adopted by public and private sector banks.

LITERATURE REVIEW:

Oeyono, J., Samy, M., & Bampton, R. (2011) explored the causal relationship between the CSR and financial performance of the top fifty Indonesian listed companies for the period of five years i.e. 2003-07. Global Reporting Initiative guidelines were used as a basis to measure corporations CSR level while EBITDA and EPS as financial performance measures. The study revealed that there was a positive relationship between CSR and corporation's financial performance but it found to be weak i.e. 0.18 of CSR and EBITDA and 0.16 for CSR and EPS. The study also revealed that all Indonesian corporations conducted CSR in their business operations.

Choi, J.S., Kwak, Y.M., & Choe, C. (2010) examined the relation between CSR and corporate financial performance of 1222 firm of Korea for the period of 2002-08 listed on the KRX for which KEJI index was available. KEJI index was used as basis to measure corporations CSR level and ROA, ROE and Tobin's Q as financial performance measures. The study showed that the equal-weighted CSR index was positively correlated with ROA only while stakeholder-weighted CSR index was positively correlated with all the three performance measures. The study also revealed that the high level of corporate financial performance had a positive effect on the stakeholder-weighted CSR index.

Mukherjee, A., & Bird, R. (2016) investigated the drivers that cause 223 companies to take on CSR expenditure through a survey. It found from the study that the main driver was the strategic agenda of companies to differentiate itself from others preferably than ethical and moral motivations. It also outlined that the size, age and type of ownership of companies largely affect their attitude towards CSR spending.

Makni, R., Francoeur, C., & Bellavance, F. (2009) appraised the causal relationship between corporate social performance and financial performance of 179 publicly held Canadian companies using Granger Causality Approach for year 2004 and 2005. It found from the study that the composite of CSP measures were not significantly related with financial performance, except for market return. While individual measure of CSP i.e. environmental dimension was negatively associated with financial performance measures (ROA, ROE and market return). Multi-National Corporations' (MNCs) non-regulation with respect to their social and environmental responsibility has had significant implications, although on the more vulnerable and voiceless parts of the global community as Engobo et al. (2010) reported. They also suggested that the scope of global regulations needs to be broadened.

Jayashree (2010) noted that Indian banking as a whole, as part of the CSR, should take seriously the issue of opening no-frill accounts and make deliberate efforts to achieve financial inclusion.

Suresh and Sudeepta (2011) indicated that the measures supporting CSR should be strictly addressed and implemented. The financial institution will face a lot of problems unless and until environmental authorities become stricter and more stringent about this. If only business institutions recognized broader social goals in their activities, there may be general, social and economic benefits that would add to society.

Chaudhury et al. (2011) conducted a comprehensive study of all the banks and financial institutions involved in socio-economic development, rural development, and community development. They concluded that all financial and banking institutions share priority sector lending, microfinancing, MSME finance, and environmental excellence project.

A study conducted by Senthikumar et al. (2011) on the impact of CSR on customer satisfaction in banking service found that customer satisfaction is the mediating factor in the quality of banking service, and the CSR is the most influential factor for customer satisfaction. Customer satisfaction is the most important predictor of the quality of the banking services. The management will ensure that their clients provide equal and timely service in the banking environment. CSR has a strong impact on customer satisfaction about the efficiency of the banking service.

Jayashree and Neeta (2011) disagree over CSR practices and ratings in the Indian banking sector. They informed that CSR is a concept whereby financial institutions consider not only their productivity and growth but also the well-being of society and the environment by assuming responsibility for the impact of their activities on shareholders, employees, customers and NGOs represented civil society.

CSR is an important source of prestige, capable of generating economic value over time. In addition, there is a relationship between CSR and the banks' Corporate Reputation (CR), which is very important in meeting the expectations of all stakeholders, as Trotta et al. (2011) quoted. A norm for rating CSR activities in banking sectors needs to be established, and it can pave the way for CSR accountability, as suggested by Sanjay (2012).

Saxena (2012) claimed that the primary incentive for companies to exercise social responsibility should be a moral and ethical one, rather than financial. CSR therefore has an important role to play, particularly in building confidence in consumers' minds.

Mukherjee (2012) mentioned that the RBI, together with the commercial banks, must understand that their viability and profitability will only be sustained for a longer period of time if there is total financial inclusion. It is also found that the governments (central as well as state) understand that the pro-poor measures they are taking in the form of subsidies or welfare schemes do not actually reach the deserving. The only solution is direct transfer of cash to individuals, which again demands total financial inclusion.

Sigurthorsson (2012) observed that the banks seemed mainly as a philanthropic activity to be attracted to the idea of CSR. It has been mentioned in particular that the manner in which the banks in question conceived CSR, i.e. primarily in terms of strategic philanthropy, was gravely misguided.

Andrea and Ignacio (2012) mentioned that while companies are increasingly integrating CSR into their business strategies, there are some aspects of their management that detract from their success, such as their communication or the measurement of its results.

According to Singh and Agarwal (2013), in order to project a more socialistic image, banks with state or federal governments as large shareholders must focus their attention on CSR areas differently.

Sharma and Mani (2013) mentioned that while the Indian banks are making sustained efforts in the CSR areas, there is a lot to be done. There are some banks that do not even satisfy the regulatory requirements. Public sector banks have made the largest contribution to CSR activities overall. In this area, private sector banks and foreign banks remain lagging.

In their study Kshitiz and Amar (2013) mentioned that CSR is not compulsory in Nepal. Banks have, however, made voluntary disclosures. In addition, growth of children and women, religious engagement, games and athletic events, and blood donations were among the driving fields for CSR coverage.

Deepika and Rama (2014) reported that there is no mandatory reporting requirement for CSR activities that trigger negligence on reporting issues. They also noted that some banks are clearly making false claims about their socio-environmental efforts.

RESEARCH METHODOLOGY:

The study is based on secondary source. The top 6 banks were selected to analyze the CSR disclosure practices for the present study. Out of top 6 banks, top 3 public sector banks and top 3 private sector banks were selected for the study.

Public Banks:

- State Bank of India
- Punjab National Bank
- Bank of Baroda

Private Banks:

- ICICI Bank
- HDFC Bank
- Kotak Mahindra Bank

Annual reports for the year 2021-22 has been studied to analyze the CSR disclosure practices of these selected 6 banks of India. Researcher has identified each CSR activities disclosed by the banks in their annual reports.

Table no 1: Top 3 Public Sector Banks disclosing CSR Activities in their respective annual reports.

SBI	PNB	BOB
Education	Education	Education & Training
Healthcare	Sustainability	Out of above, expenditure for RSETIs
Swachhata, Environment Protection and Sanitization	Corporate Volunteering	Health & Care
Empowerment of Women and Senior Citizens	Social Investments	Women Welfare/ Empowerment
Skill Development	Gram Sampark Abhiyan	Social Welfare/ Economic Development
SBI Children's Welfare Fund	Health	
National Donation	Green Initiatives	
	Collaboration	
	Promotion of Sports	
	Other CSR Initiatives	

Source: Annual Reports

Table no 2: Top 3 Private Sector Banks disclosing CSR Activities in their respective annual reports.

ICICI	HDFC	Kotak Mahindra Bank
Covid-19 relief activities	Education	Education & Livelihood
Urban livelihood, Rural livelihood and social & environmental projects	Rural Development	Healthcare
Rural development and related activities	Children And Women	Environment & Sustainable Development
Social Awareness	Social Community Welfare	Sports
Education, healthcare, empowering the economically backward groups	Health	Relief & Rehabilitation
Disaster management & others, including donations		Others
Health		

Source: Annual Reports

CONCLUSION:

The present paper studies the CSR activities of top 3 public sector and top 3 private sector banks in India, and rating their performance on the basis of parameters: Major disclosure was made in education, health care by all the top 3 public and top 3 private sector banks under CSR practices. SBI discloses about Swachhata, Environment Protection and Sanitization, Empowerment of Women and Senior Citizens, Skill Development, SBI Children's Welfare Fund, National Donation. PNB took an initiative for the development of the society through sustainability, corporate volunteering, social investments, and Gram samprak abhiyan. Green initiatives were also taken by PNB and it is the only bank discloses the details about promotion of sports activities. Bank of Baroda makes a contribution towards CSR Activities through making expenditure for RSETIs,

Women Welfare/ Empowerment, Social Welfare/ Economic Development. ICICI Bank contributes towards Covid-19 relief activities, urban livelihood, rural livelihood and social & environmental projects, rural development and related activities, Social Awareness, empowering the economically backward groups, Disaster management & others, including donations. HDFC contributes on CSR activities under Rural Development, Children and Women, Social Community Welfare. Kotak Mahindra Bank contributes towards Healthcare, Environment & Sustainable Development, Sports, and Relief & Rehabilitation. Kotak Mahindra Bank only the private bank discloses the details about sports activities. It is concluded that PNB contributes more towards CSR activities and Kotak Mahindra Bank makes contribution towards new activities under sports and relief and rehabilitation.

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